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CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

AIRPORT COMMISSION:

Concession Audit of All Nippon Airways Co., Ltd.

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Audit Number 01013
August 22, 2001

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER
AUDITS DIVISION

Edward Harrington
Controller

Matthew H. Hymel
Chief Assistant Controller

August 22, 2001

Audit Number: 01013

San Francisco Airport Commission
San Francisco International Airport
San Francisco, CA 94128

President and Members:

The Controller's Audits Division contracted with Yano & Associates to conduct an audit of All Nippon Airways Co., Ltd. (All Nippon Airways). Attached is the report prepared by Yano & Associates concerning their review of All Nippon Airways. All Nippon Airways has an agreement with the Airport Commission of the City and County of San Francisco to use the landing field facilities at the San Francisco International Airport for its air transportation business.

Reporting Period: December 1, 1998 through December 31, 2000

Landing Fees Paid: $657,490

Results:

Yano Accountancy Corporation found that All Nippon Airways correctly reported the number of its aircraft landings and correctly paid its landing fees to the Airport Department.

Respectfully submitted,

NORIAKI HIRASUNA
Director

554-7647 City Hall • 1 Dr. Carlton B. Goodlett Place • Room 388 • San Francisco CA 94102-4694 FAX 415-554-7664

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ALL NIPPON AIRWAYS CO., LTD.
REPORT ON AGREED-UPON PROCEDURES
OF THE ACCURACY OF REPORTED LANDING FEES
TABLE OF CONTENTS

	Page
Report of Independent Accountants on Applying Agreed-Upon Procedures	1
Summary of Findings	2
Appendices	
Appendix A – Response from All Nippon Airways Co., Ltd.	
Appendix B – Procedures Performed	

Yano Accountancy Corporation

Litigation and Financial Consulting • Forensic Accounting
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

San Francisco Airport Commission
San Francisco International Airport
San Francisco, CA 94128

President and Members:

We have performed the procedures enumerated in Appendix B, which were agreed to by All Nippon Airways Co., Ltd. and the City and County of San Francisco ("City"), solely to assist in determining the accuracy of the amount of landing fees due from All Nippon Airways to the San Francisco International Airport, a department of the City during the period from December 1, 1998 to December 31, 2000. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of All Nippon Airways Co., Ltd. and the City. Consequently, we make no representation regarding the sufficiency of the procedures described in Appendix B, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of All Nippon Airways Co., Ltd. and the City and County of San Francisco, and is not intended to be and should not be used by anyone other than these specified parties.

Yano Accountancy Corporation

June 25, 2001

One Embarcadero Center, Suite 711 • San Francisco, CA 94111-3612
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ALL NIPPON AIRWAYS CO., LTD.
SUMMARY OF FINDINGS
for the period from December 1, 1998 to December 31, 2000

For the period from December 1, 1998 to December 31, 2000, All Nippon Airways Co., Ltd. correctly reported 654 revenue aircraft landings and correctly paid $657,490 in landing fees to the Airport. Table 1 shows All Nippon Airways Co., Ltd. reported revenue aircraft landings and landing fees paid to the airport.

Table 1
All Nippon Airways Co., Ltd.
Revenue Aircraft Landings and Fees Paid
December 1, 1998 through December 31, 2000

	Number of Landings	Landing Fees Paid
December 1, 1998 through June 30, 1999	212	$181,378
July 1, 1999 through June 30, 2000	318	343,196
July 1, 2000 through December 31, 2000	124	132,916
Total	654	$657,490

Fees not paid on a timely basis are subject to a service charge of one and one-half percent per month. There are no unpaid landing fees and service charges due to San Francisco International Airport from All Nippon Airways Co., Ltd. as of June 25, 2001.

See Report of Independent Accountants on Applying Agreed-Upon Procedures.

ANA
All Nippon Airways

SFOAP01-056

August 4, 2001

Mr. Eugene Yano
Yano Accountancy Corporation
Once Embarcadero Center, Suite 711
San Francisco, CA 94111-3612

Dear Mr. Yano:

We have reviewed your draft report on Agreed-Upon Procedures of the Accuracy of Reported Landing Fees of All Nippon Airways, Co. Ltd. Both the number of landings and the landing fees paid are correct, and same as the information we have.

We appreciate your cooperation, and if you have any questions, please call me at (650) 821-0301.

Sincerely,

Takashi Inada

Takashi Inada
Station Manager
All Nippon Airways, Co., Ltd.
San Francisco International Airport

A STAR ALLIANCE MEMBER

SAN FRANCISCO INTERNATIONAL AIRPORT, P.O. BOX 251957 SAN FRANCISCO
Telephone: (650) 821-0292 Fax: (650) 821-0315

PLANNING

- Conducted an entrance conference with a representative of the airline to explain the general nature of the work to be performed.
- Requested that each airline complete a questionnaire on internal controls over the accumulation and summarization of aircraft landings into the monthly *MATAR* reports submitted to the Airport.
- Evaluated the responses to the questionnaire on internal control provided by the airline.

SUMMARIZATION OF MONTHLY INFORMATION

- Obtained the San Francisco International Airport ("Airport") *Landing Report*, *Landing Weight Report*, *Landing Fee Report*, and fee rates in effect for each fiscal year during the audit period.
- Entered the monthly landing weights into a computer spreadsheet and generated a bar graph of year-to-year comparisons for each month of the year.
- Analyzed the bar graph to identify any unusual variations.
- Summarized fees paid by the airline to the Airport by fiscal year.
- Obtained *MATAR* reports from the Airport's Accounting Department for each month in the audit period.
- Calculated total landings from the MATAR report by fiscal year.
- Compared the calculated total landings from the preceding procedure to the total landings calculated by the Airport in its Landing Reports.
- Obtained copies of the:
  - Aircraft operations manual pages from the airline that shows the maximum landing weights for all aircraft types landed by the airline during each of the sample months previously selected.
  - Obtained a listing of aircraft tail numbers that landed at the Airport and the corresponding aircraft types.
- Verified the reasonableness of these maximum landing weights by reference to maximum landing weights of similar aircraft reported by other airlines in the Airport's Landing Reports.

- Converted the maximum landing weights from kilograms to pounds, and compared these converted landing weights to the landing weights included in the Airport's Landing Reports.
- Obtained summaries of landings for each month during the audit period, and compared total landings in these summaries to totals reported in the MATAR reports.

TESTING OF MONTHLY REPORTS

- Selected, using a random number generator, one month from each calendar year during the audit period.
- Obtained the airline's flight schedule for the sample month in each calendar year and compared total scheduled arrivals in the flight schedule to the actual landings reported in the MATAR.
- Obtained the daily flight logs for each of the sample months, recalculated total landings by aircraft type, and compared the totals by aircraft type to the Airport's Landing Reports.

PREPARATION OF THE REPORT

- Summarized the findings that resulted from the above agreed-upon procedures.
- Prepared the draft report.
- Provided the draft report to the airline for comments and its written response.
- Prepared the final report.